

City of Alexandria

MEMORANDUM

DATE: OCTOBER 11, 2013

TO: PARTICIPANTS IN THE CITY OF ALEXANDRIA RETIREMENT INCOME PLAN FOR FIREFIGHTERS AND POLICE OFFICERS

FROM: STEVEN BLAND, RETIREMENT ADMINISTRATOR

SUBJECT: CHANGE OF RECORD KEEPER

This letter is being sent to you because we believe you have money in the City of Alexandria Retirement Income Plan for Firefighters and Police Officers (RIP), the old defined contribution plan. The City of Alexandria completed a competitive contract review process for plan providers and the Firefighters and Police Officers Pension Plan Board voted to make an administrative change. ICMA-RC was selected to provide the administrative services that Prudential is currently providing for the RIP. **You are not required to take any action to complete the transition from the Prudential mutual funds to ICMA-RC.**

Watch your mail box for a packet from ICMA-RC that provides information on the transfer of accounts from Prudential to ICMA-RC. The packet will provide details on the transition and the investment funds available at ICMA-RC.

Changes to RIP

Only the administrative service provider and investment options are changing. The RIP is not closing and the plan rules are not changing.

Fees

Currently, Prudential charges participants bundled fees to cover costs for the investment fund managers and the administrative fees for Prudential. Each participant is charged a fee that is a percentage of their account balance. Participants may not be aware of the fees because in the past they were deducted from participant earnings prior to being allocated to your individual accounts (a percentage based fee).

The new fee structure will include the percentage based fee for the investment fund managers plus a flat administrative fee for ICMA-RC. During the contract review process, the Board was able to negotiate lower administrative fees for the RIP accounts. The annual administrative fee of \$51.52 will be subtracted from accounts quarterly and will appear on the quarterly statements.

Most of the investment funds available on the ICMA-RC platform will be index funds which typically charge lower percentage based fees than the fees charged for comparable actively managed funds. The percentage based fund manager fee will continue to be deducted prior to earnings being allocated to participant's individual accounts. The fund manager fees will not appear on quarterly statements, but can be found in fee disclosure documents found on the ICMA-RC website, www.icmarc.org.

Blackout Period

In order to move your assets from Prudential to ICMA - RC, there will be a "blackout period" from November 6 through approximately November 20 when you will not be able to access your account. During this blackout period, while the money is at Prudential, it will remain in the investment funds that you elected as of November 6. Prudential anticipates converting all funds to cash on or about November 12 and transferring the money to ICMA-RC on or about November 13. ICMA-RC will use a mapping process to move participants' money to similar investments. The Board reviewed ICMA's mapping plan and this information will be included in the letter you receive from ICMA-RC.

Withdrawals Prior to December 1, 2013

Participants who are still employed with the City of Alexandria may not withdraw money from their RIP account. Terminated employees and eligible disabled participants may withdraw money. Eligible disabled participants include disabled employees who have met their Normal Retirement Age (NRA) and have been notified by the Pension Administration Division that their disability benefit amount had been recalculated. The disability recalculation usually takes place the month after disabled participants reach NRA. NRA is 60 for participants who were disabled prior to 2004 while covered under the RIP; NRA is 55 for participants who were disabled after 2004 while covered under the new defined benefit pension plan.

Participants who need to withdraw money from their RIP account prior to December 1 will need to request it from Prudential by October 30, 2013. Requests can be made by calling Prudential at 1-877-778-2100 or logging onto the Prudential website, www.retirement.prudential.com. Prudential indicates that requests received by October 30, 2013 that are complete, will be processed before money is transferred to ICMA-RC on or about November 13. Due to the schedule involved to complete the fund transition, Prudential cannot guarantee that they will be able to process requests received after October 30. After November 20, participants will need to contact ICMA-RC to request withdrawals.

ICMA-RC Administers Other Voluntary City Plans

ICMA-RC also administers the City 457 Deferred Compensation Plan (457 Plan) and the Payroll Deduct Roth IRA. If you have such accounts at ICMA-RC you will now have an additional account at ICMA-RC with a different plan number. The RIP accounts are not "rolling" into or being combined into the 457 Plan accounts. The RIP funds will be held in a separate account from the 457 Plan accounts. Any characteristics of the RIP account – such as tax status – are retained.

Information Sessions

The City's Finance Pension Administration Division staff and ICMA-RC representatives have scheduled information sessions to answer questions regarding the change or the transition process. The schedule can be found at the end of this letter.

Mailings

If you have not received a letter from ICMA-RC explaining the transition by October 28, please call 703.746.3887. If you participate in the City 457 Plan with ICMA-RC, you will be sent another letter describing changes to the investment funds for that plan.

Retirement Income Plan for Firefighters and Police Officers
Transition of Accounts from Prudential to ICMA-RC

Information Sessions

Date	Time	Location
Wednesday, October 23, 2013	8:00 a.m. – 9:00 a.m.	Lee Center Gold Rooms 1 and 2 1108 Jefferson Street Alexandria, VA 22314
Thursday, October 24, 2013	8:00 a.m. – 9:00 a.m.	Lee Center Kauffman Auditorium 1108 Jefferson Street Alexandria, VA 22314
Tuesday, October 29, 2013	8:00 a.m. – 9:00 a.m.	Lee Center Gold Rooms 1 and 2 1108 Jefferson Street Alexandria, VA 22314
	2:00 p.m. – 3:00 p.m.	Alexandria Police Department Community Room 3600 Wheeler Avenue Alexandria, VA 22304
Thursday, October 31, 2013	9:30 a.m. – 10:30 a.m.	Alexandria Police Department Community Room 3600 Wheeler Avenue Alexandria, VA 22304